

Message Text

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ORIGIN SS-15

INFO OCT-01 CCO-00 RSC-01 FILE-01 SSO-00 ADP-00 NSCE-00

TRSE-00 NSC-10 /028 R

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5/14/73 28448

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ARA- MR. CRIMMINS

EB - MR. KATZ

TREASURY- MR. SIMON

WHITE HOUSE - MR. RAFUSE

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Z 150036 Z MAY 73 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS FLASH

C O N F I D E N T I A L STATE 092016

TOSEC 31

E. O. 11652: ADS 5/17

TAGS: OVIP

SUBJECT: SECVISIT LA: CARACAS SPEECH

REF: MEXICO 3366 (SECTO 28)

FOR PEDERSEN FROM BARNES

1. TED HAS ASKED ME TO COORDINATE THE SUGGESTIONS ON VARIOUS PARTS OF SECRETARY' S CARACAS SPEECH. WE HAVE CONSULTED SIMON AND DIBONA' S OFFICE (DIBONA IS OUT OF TOWN) AS WELL AS ARA, EB AND L.

2. SIMON (TREASURY) OFFERS FOLLOWING REVISED TEXT FOR PORTION OF SPEECH ON OIL BEGINNING, " VENEZUELA' S INTEREST IN ITS POSITION...". DI BONA' S OFFICE AND EB CONCUR.

3. BEGIN TEXT: VENEZUELA' S INTEREST IN ITS POSITION IN THE AMERICAN MARKET, AND OUR INTEREST IN ENSURING CONTINUED
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PETROLEUM TIES WITH VENEZUELA WERE TAKEN INTO CAREFUL CONSIDERATION IN THE OIL IMPORT PROGRAM WHICH PRESIDENT NIXON ANNOUNCED JUST A MONTH AGO.

-- THERE ARE AS YOU KNOW NO LONGER ANY QUOTA LIMITATIONS ON PETROLEUM IMPORTS TO THE UNITED STATES. VENEZUELA NO LONGER NEED BE CONCERNED ABOUT THE EFFECTS OF QUOTAS ON ITS ABILITY TO ENTER THE UNITED STATES MARKET;

-- TARIFFS HAVE BEEN ELIMINATED ON PETROLEUM IMPORTS UP TO THE AMOUNT THAT HAD BEEN SCHEDULED AT THE START OF THIS YEAR.

THIS MEANS THAT VENEZUELA EXPORTS TO THE US WILL ENTER LICENSE FEE- EXEMPT TO THE EXTENT THAT VENEZUELA IS ABLE TO MAINTAIN ITS HISTORICAL LEVEL OF EXPORTS;

-- LICENSE FEES ON HIGHER QUANTITIES OF IMPORTS ARE SET AT EXISTING TARIFF LEVELS AND POSE NO ADDITIONAL BARRIER TO INCREASED EXPORTS;

-- AND WE ARE PREPARED TO RESTORE THE WESTERN HEMISPHERE PREFERENCE FOR 50,000 BARRELS PER DAY FROM VENEZUELA OF NO. 2 FUEL OIL WHENEVER YOU ARE ABLE TO PROVIDE THAT QUANTITY AT A COMPETITIVE PRICE AND SUITABLE QUALITY TO THE US INDEPENDENT DEEP WATER TERMINAL OPERATORS WHO ARE ENTITLED TO IMPORT IT.

4. EB ADDS FOLLOWING COMMENTS: ASSUME EMBASSY CARACAS WILL HAVE DRAWN YOUR ATTENTION TO SENSITIVITIES INVOLVED IN REFERENCES TO ORINOCO TAR BELT.

5. PRESIDENT'S ENERGY MESSAGE DID NOT REFER TO QUOTE POLICY OF US WILLINGNESS NEGOTIATE PREFERENTIAL ARRANGEMENTS. UNQUOTE. THIS SENTENCE IN ANY CASE UNDESIRABLE SINCE REFERENCE TO NEGOTIATING LONG TERM PETROLEUM SUPPLY AGREEMENTS WOULD RUN COUNTER OUR EFFORTS WITH OTHER CONSUMING COUNTRIES IN EUROPE AND JAPAN TO AVOID HARMFUL COMPETITION TO TIE- UP SUPPLIES.

6. SUGGEST LAW OF THE SEA PORTION OF SPEECH BE REVISED AS FOLLOWS: BEGIN TEXT. WE HAVE ALSO BEEN PLEASED
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TO SEE VENEZUELA SHARING INCREASING LEADERSHIP IN MATTERS OF CONCERN TO GLOBAL COMMUNITY, AS WELL AS IN THE HEMISPHERE. THE CONTRIBUTION YOU AND LIKE- MINDED LATIN AMERICAN STATES ARE MAKING TO EFFORTS TO EVOLVE A NEW INTERNATIONAL REGIME FOR THE OCEANS CAN BE OF PARTICULAR SIGNIFICANCE. THE SUCCESS OF THIS INTERNATIONAL EFFORT, FOCUSED ON THE COMING UNITED NATIONS LAW OF THE SEA

CONFERENCE, WUKK DETERMINE WHETHER THE SEA' S RESOURCES
BECOME A SOURCE OF CONFLICT OR OF COOPERATION AMONG
NATIONS.

7. TOGETHER THE NATIONS OF THIS HEMISPHERE COULD EXERT
LEADERSHIP ON THIS ISSUE. VIEWS IN THE CONTINENT CONTINUE
TO BE DIVERSE, BUT WE WOULD HOPE THAT WE MAY BE ABLE TO
DRAW CLOSER TOGETHER.

8. VENEZUELA AND THE UNITED STATES BOTH BELIEVE A SOLUTION
COULD BE FOUND THAT WOULD INCLUDE BROAD ECONOMIC JURIS-
DICTION BEYOND A TWELVE MILE LIMIT OF NATIONAL SOVEREIGNTY.

WE ARE CONVINCED THAT IF WE AND THE OTHER NATIONS OF THE
HEMISPHERE CONCENTRATE ON

-- REACHING A MUTUAL ACCEPTABLE DEFINITION OF THE
NATURE AND EXTENT OF THE ECONOMIC JURISDICTION BEYOND A
TWELVE MILE TERRITORIAL SEA; AND ON

-- MAINTAINING THE RIGHT OF FREE TRANSIT
THROUGH AND OVER INTERNATIONAL STRAITS

WE WILL BE IN A POSITION TO MAKE A DECISIVE CONTRIBUTION
TO THE LAW OF THE SEA CONFERENCE. END TEXT.

9. THE LAST CHANGE, NAMELY THE DELETION OF THE PHRASE
QUOTE OVER THE NEXT SEVERAL MONTHS UNQUOTE FROM THE LAST
MAIN PARAGRAPH DR. MOORE (L) DOES NOT FEEL STRONGLY
ABOUT. HOWEVER, HE THINKS THE PHRASE IMPLIED AN
ACCELERATION IN TIMING WHICH MAY NOT BE CONSIDERED
APPROPRIATE.

10. YOU MIGHT ALSO WISH TO CONSIDER FOLLOWING SUGGESTIONS:
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SECTION 1, PAGE 2, PARA BEGINNING QUOTE BUT ON THE OTHER
HAND... UNQUOTE, DELETE QUOTE O BUT ON THE OTHER
HAND UNQUOTE. SAME PARA, LINE 3, DELETE WORD QUOTE
PARENTHETICALLY UNQUOTE. SECTION 1, PAGE 2, PARA
BEGINNING QUOTE AND, TO OUR MUTUAL INTEREST... UNQUOTE, IN
LINE 4 DELETE QUOTE ARE MORE IDEALISTIC THAN MATERIALISTIC
UNQUOTE, AND SUBSTITUTE QUOTE QUOTE WHO SHARE THIS
PASSION UNQUOTE. RUSH

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE092016
Document Source: CORE
Document Unique ID: 00
Drafter: HGBARNES, JR: KS
Enclosure: n/a
Executive Order: AS 19730517 BARNES, H G
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730542/aaaajbqo.tel
Line Count: 166
Locator: TEXT ON-LINE
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 MEXICO 3366
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by kelleyw0>; APPROVED <25 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980209
Subject: SECVISIT LA: CARACAS SPEECH
TAGS: OVIP, VE
To: CARACAS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005